

A RESOLUTION

BY COUNCILMEMBER H. LAMAR WILLIS

02-R-1633

A RESOLUTION GRANTING APPROVAL TO THE METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY TO ENTER INTO A LEASE FINANCING FOR THE "SOUTH LINE" FROM THE AIRPORT TO FIVE POINTS STATION, INCLUDING TRACK LEADING TO THE SOUTH YARD; AND FOR OTHER PURPOSES.

WHEREAS, the Metropolitan Atlanta Rapid Transit Authority (the "Authority") desires to enter into a "lease-to-service contract" pursuant to which it would lease its "South Line" consisting of approximately nine miles of the heavy rail line extending from Hartsfield International Airport to Five Points Station, including track leading to the South Yard, seven full stations (Airport, College Park, East Point, Lakewood, Oakland City, West End and Garnett) and a portion of the Five Points station dedicated to the "South Line", the South Yard Maintenance Facility, five station parking lots, together with all tracks, bridges, power substations, structures, aerial construction, tunnels, electrification, signaling and communication equipment and buildings associated with the above-listed assets (collectively, the "Leased Rail Line Assets"); and

WHEREAS, pursuant to the transaction, the Authority would lease the Leased Rail Line Assets to one or more trusts established by one or more equity investors selected by the Authority for a term not in excess of 85 years pursuant to one or more Head Leases (collectively, the "Head Leases"); and

WHEREAS, simultaneously with the execution of the Head Leases, the Authority would enter into one or more sublease agreements with the equity investors' trusts for an initial term not in excess of 32 years (collectively, the "Subleases") pursuant to which the Authority would (i) sublease back the Leased Rail Line Assets with an option to purchase the Leased Rail Line Assets at the end to the initial term of the Subleases and (ii) continue to own, operate and maintain the Leased Rail Line Assets; and

WHEREAS, at the closing of the transaction, the Authority would receive a lump sum prepayment from each trust equal to such trust's rental obligations under the Head Leases; and

WHEREAS, the Authority would use these lump sum prepayments to (1) economically defease its rental obligations under the Subleases, (2) economically defease the cost of exercising its purchase option under the Subleases and (3) pay the transaction costs; and

WHEREAS, after using the lump sum prepayments as described above, the Authority would retain a substantial net cash benefit as a result of entering into the Head Leases and the Subleases; and

WHEREAS, pursuant to Paragraph 4(a) of the Rapid Transit Contract and Assistance Agreement dated as of September 1, 1971, as amended and supplemented (the "Contract") among the Authority, the City of Atlanta, DeKalb County, Fulton County, Clayton County and Gwinnett County, the Authority is required to obtain the approval of a majority of DeKalb County, Fulton County and the City of Atlanta if the Authority proposes to enter into a lease involving a "substantial portion" of the System (as defined in the Contract).

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ATLANTA, GEORGIA, that the terms and conditions of the proposed transaction as described in the foregoing recitals is hereby approved in accordance with Paragraph 4(a) of the Contract.

ADOPTED AND APPROVED on _____, 2002.

APPROVED:

CITY OF ATLANTA, GEORGIA

[SEAL]

Mayor

ATTEST:

Municipal Clerk

APPROVED AS TO FORM:

Linda K. DiSantis
City Attorney